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To:
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Attention: Docket No. 2000-57

"Mutual Savings Associations, Mutual Holding Company Reorganizations, and Conversions From Mutual to Stock Form"

Dear Sirs:

These changes in dividend waiver and stock buyback rules were long in coming, but I applaud the efforts made to push them forward here. This, however, should not come with the tradeoff of specialized business plan procedures for the future.

The companion piece, Docket #2000-56, makes some excellent changes toward reducing regulatory control of dividend and stock re-purchase decisions. However, many times things will move in the right direction for the wrong reasons. This appears to be such a case, where the regulators realize that prior choices for regulating the equity stock marketplace not only didn't work in the longer term, but the investment community began to more and more heavily discount any underlying value in these shares. What might have been a viable approach to creating a stock owned institution as an MHC, instead, by regulatory constraints, became an unpopular, and frequently money losing investment in recent years.

Some of the comments below have been reflected in some of the comments I also submitted today for the companion document, **Docket #2000-56**.

Reviewing and commenting on this document by section:

I. Overview:

Two important statements summarize the OTS introduction to these rule proposals: "Mutuals tend to be community –based institutions whose **sole** purpose is to provide a safe place for community members to save, and to invest those savings back into the community through prudent credit programs", and "History has demonstrated that this community focus is often lost or diluted when institutions convert to stock form [because they then] must respond to the interests of their stockholders."

It appears that the from these two statements, the OTS herein presents rules for an agenda based on some assumptions that should be beyond their scope of authority. The following views seem apparent in these new rules.

1. There will be more community-focused, less profit-driven, institutions out there if converting to stock form can be more restricted or even prevented.
2. Mutuals that choose to operate without a profit objective need to be encouraged, and the regulators need to favor them in some way.

3. Conversion to an MHC is a better alternative than a full conversion to stock form.
4. Mutuality has to be the favored choice.
5. Conversion to stock form should be actively discouraged.

A. Policy Guidance

Addressing your request for **suggestions for additional enhancements to the MHC structure**:

1. Currently, stock is sold to the public and significant capital raised. Frequently the market price of these shares has later been far below their replacement value, significantly below a price other institutions would be willing to sell assets at, and sometimes even below their original price. It is an easy decision to see the value in buying shares back. However, buying them back in the current MHC owned intermediate holding company is odd. By buying these shares using money raised from public investors but "assigned" to the MHC, the majority percentage of any benefit of the stock repurchase accrues to enhancing the value of the non-subscribing depositors' shares. Not only do I view this as happening at the subscribing depositors [or stockholders'] expense, but the current procedure for a second step effective calls for reselling that majority portion of these shares in the second step. Depending on the market climate at that time, there can wind up being an actual loss because those shares effectively wind up being resold cheaper than they were bought back at. The effect is to create uncertainty in what should be a real value in stock buyback. Conceptually this can be easily solved, but not without some legal work for the lawyers.

   Currently, the Intermediate Mutual Holding Company is in the wrong place! There should instead – or in addition – be an intermediate holding company owned by the minority shareholders. The minority shares issued by the MHC represent a fixed percentage established at conversion or when this intermediate holding company is set up, and shares are issued by it to the public stockholders. Initially the shares might be exactly equivalent to MHC shares, but as the intermediate holding company bought back shares, this ratio would change. The constant would be that the same percentage of the MHC would always be owned by the minority shareholders – it would not drop due to stock buybacks.

   Consider the problem another way. If an MHC is 40% publicly owned and they pay a $1.00 cash dividend, after even 40% in income taxes a stockholder would have $.60 left that could be used to buy stock personally. If this same MHC instead pays no dividend and used the $1.00 to buy stock, the stockholder's portion is really only $.40, as that's the stockholders' 40% interest in the $1.00. Hence, a stockholder in this MHC gets $.60, or 50% more value out of a cash dividend, after tax at a top rate, than out of the $.40 worth of stock from a buyback.

   Whether this new Intermediate Mutual Holding Company is set up after the stock offering, or as part of the stock offering, it should correct another one of the shortcomings of the structure. I could add that if it were set up with the initial stock offering, there can be additional ways that offering proceeds can be handled and retained that could further enhance the MHC idea.

   A concern might be that there is a requirement to protect the interests of the depositors, and this may be unfair to them in some way. Definition of this responsibility would be in everyone's interest. Inserting the comment from my #2000-56 comments:

   I think it is a questionable agenda to have to accrue earnings, book value, and other enhancements to increase the value of the unsold shares of the MHC, for the supposed benefit of those who freely elected not to buy shares in the first offering. To incentivise investors to own the stock, and management to apply focused diligence to make the institution more valuable, the issued stock has to get, or have the potential to get, more underlying value. While it is specified that there is a fiduciary duty to "protect the interests of the depositors", this is a nebulous concept. It is not clear that there really must be any obligation to preserve depositors' equity in an MHC institution indefinitely after they have had that opportunity to buy stock. More importantly, I think **it should be specifically spelled out that *there should be absolutely no* requirement *to grow or enhance***

***that equity amount attributed to the unsold shares.* That would then be in the offering prospectus, would clarify a board's obligations, and would define the understanding for the regulators as well.**

Following this thought, consider another extreme: There should be no regulatory *requirement* for any mutual institution to even earn a profit, much less grow or expand. Meeting safety and soundness issues can have nothing to do with whether management elects to even work as volunteers without pay, and the institution operate as a de facto charity for its customers with zero or near zero return on equity every year.

2. Currently minority shareholder voting rights are too limited. A number of issues should be decided by minority voting only, and they should be listed in the initial offering prospectus.

3. Mutual institutions have by free choice established good charitable endeavors in their communities over the years, some being "institutionalized" by setting up specific trust funds and charitable foundations. However, once capital is raised by selling shares to stockholders, this creates a new constituency with some interest in the conservancy of any asset. It should be expressly stated that an MHC with minority stockholders cannot in any case establish or donate funds to set up a charitable foundation or trust as part of a full conversion, or "second step", even should the shares or funds be supposedly solely out of the MHC itself. There is a serious fiduciary responsibility to minority shareholders that would come into question, and a regulatory statement about that would eliminate any pressures inside or outside the institution to so distribute capital. It would also save likely litigation costs that could arise from efforts to set up such a charity.

B. **Conversion Considerations:**

Addressing overall comments to the total five apparent views I listed above under **Overview:**

1. Capitalism somehow does work. We could say that it is not natural for a "business" to be un-owned. This is to differentiate it from a charity. Being un-owned, this void is filled by the people who run it acting in many ways as if they own it. Typically they only report to one constituency – the regulators. This is no idealistic / help-each-other / volunteer – fraternal club philosophy like the original Building Societies. That original building society business model, even in the abstract, is no longer realistic for a large, wealthy business serving a diverse population. Additionally, an efficient institution supporting mutuality that deliberately operates to break even would have little competition, have little trouble dominating its market niche, and no interest in conversion at all. I instead question a profit and growth driven institution that seeks enhanced management compensation methods and also wants to protect its management agenda through mutuality.

2. There must not be a regulatory bias founded on some perceived plan of agency self-preservation. Also, there must not be a regulatory bias against the merits of private versus public ownership of business as the best long –run approach. Finally, to insure that doesn't happen, the OTS should absolutely not require a growth" or "capital utilization" plan in order to be allowed to convert to stock form.

3. There is a rule in business – a rule of thumb - when comparing public stockholder ownership versus privately or closely held ownership. It is that the discipline of public ownership fully justifies the cost. There might be exceptions, but your first assumption is to assume this is never the case! Of course, our marketplace shows this to be true, too.

4. The sentence "Without a clear need for additional capital, and a clear opportunity for prudently deploying it at a competitive shareholder return over the long term, mutual boards should consider other alternatives to conversion." [page 9, line 3] is not correct advice from a regulator. Again, the choice for conversion to stock form usually has a completely independent philosophical basis than the need for additional capital. Without proposing herein to change the less-than-perfect

mechanics of conversion, the historical reasons justifying the current mechanics seem apropos to mention again here. The best reference I've found still is the "Legal Bulletin" of May 1987. This banking industry magazine of the time contains a classic and quite timeless 80 page article on the full history [up to 1987] of conversion, entitled "Mutual to Stock Conversions" by Julie L. Williams, J. Larry Fleck, and V. Gerard Comizio. My conclusion was that the money raising involved in a conversion was a requirement instituted by the regulators, and justified as a way to help effect a somewhat more fair distribution of shares than other methods tried. This was understood as probably more significant than a need for capital in many cases. I do not agree in any way with an agenda now calling for a very specific plan to use that new capital as a prerequisite to getting approval to convert to stock form.

Saying this yet another way, a conversion does effect some distribution of value over and above any monies raised. [The exception only being in the case of a failing or near-failing institution selling stock to recapitalize.] If the monies so raised are to be viewed as part of a sound financial plan, we are fooling ourselves. This method of raising capital by selling a dollar's worth of assets, or equity in assets, for $.50 or $.75, and then expecting to use this money for asset acquisition or expansion or growth, is so uneconomic because the rates of return on that money will likely be only in single digits or low double digits at best.

5. The sentence that "...there may be a cost to the community if converted institutions are acquired by out-of-town institutions that may not share the same commitment to local community service as many mutuals" [page 10, line1]. I am not comfortable using this thought as a "Conversion Consideration". That can be a big mistake. While the observation may be valid, the "Free World" is merging – and this is whether we view it by continent, country, county, or community! As Bill Gate's book describes, we are going to "Business@ the Speed of Thought" – and the best business practices will survive. As an aside, there have been virtually 100% shareholder owned de novo banks spring up to replace some of the "bad community practice" you describe.

On the other hand, if you are describing a community institution that has chosen to operate as a no-profit or low-profit entity by free choice, and now the management no longer wants to operate that way, its prior way of operation should not be forced on them. If such requirements were forced, and were onerous enough, I suppose they could just choose to close up, and re-open across the street, stockholder owned. That would hardly seem in the community's interest, or anyone else's [except the competition's]. [I gather we've seen credit union closings that may relate to this.]

6. Re the sentences "Today's rules include measures to ensure ... [considerations of other options] when conversion may not be an appropriate option [and]... proposes a new requirement to obtain prior OTS non-objection of conversion business plans." [page 10, line 5]. These are out-of-place as a regulatory requirement in any way.

II. Revisions to the Conversion Regulations

A. Business Plan:

a- Focusing on a reasonable return on equity has to be important to the management of any stock institution. It is an awkward call at best when looking at the past financials of a mutual, where whether the ROE is high or low or zero, it could be judged as "reasonable".

b- As discussed in Section B, item 4, above, there should not be a required "need for capital" as a requirement for conversion. Additionally, the conversion and appraisal process now required raise far too big a range of capital. My opinion is that the level of capital raised be reduced at least somewhat – even at the risk that this effects a slightly greater distribution of value via the stock.

Addressing making the MHC structure more attractive, there is an additional flexibility in an MHC stock offering that has not been done or allowed that would help the process.

While the range of capital that might be raised by an MHC can seem excessive, too, especially at the high end of appraisals, there can be greater flexibility in the pricing. While the MHC appraisal is slightly dependent on the percentage of stock being sold, this is sort of a second order effect. Appraised per share values probably shift little whether the minority interest sold is 40% or 46%, but if the flexibility existed in the prospectus to be able to adjust it downward over a limited range should a subscription offering fall slightly short of the minimum would save a lot of uncertainty and re-jiggering. This can get accomplished now with resolicitations, new appraisals, and perhaps even new financials – which as I see it adds a lot to the institution's costs and the bureaucratic paper flow, but does little else of value. This procedure only fits the MHC offering, and I think is important because MHC's are harder to value anyway. Additionally, the current regulatory procedures demand an unrealistic accuracy by appraisers, while also putting some incentive for errors to be on the high side or risk regulators' penalties, so a limited ability to reduce the percentage sold by 10% or 15% could be helpful to everyone.

c- Since conversions are not done as an efficient way to raise capital, other capital raising alternatives are not really comparable, and cannot be viewed as alternatives. That is why they are not used. [page 15, bottom paragraph.] The reference to real estate "insurance" trusts as "REITS" I assume is just a misprint.

B. Mutual Capital Distributions:

a- Of course, I do not think most mutual institutions are seeking ways to raise additional capital – or that those in particular looking to offer stock are. It is perfectly logical for a mutual to look to distribute excess capital, whether before or after a stock offering. I would guess it is more likely to be an interesting consideration to a mutual looking to convert, rather than of a mutual that has no such thoughts. If it would be possible to distribute excess capital as cash, or even as appreciated securities, the pro-forma math works out far better in a conversion than giving the institution's new stock to charitable trust, for example. The difficulty is that there is a great danger of politics and those with political agendas wanting a say in the distribution. If it would be possible to distribute assets in a fair, pro-rata way to those customers most responsible for the success of the bank through the years, it would make perfect sense to do it. British Building Societies have tried all manner of excess capital distributions in the last decade, and no one method seemed outstanding. Where the amount worked out to be small, like $20.00 per depositor, I would think it was not especially controversial, and that would be an excellent approach. Even $50.00 per depositor probably works fine. Even a scaling of that number in proportion to the average account size, or some other basis, probably can work very fairly. For much bigger numbers, perhaps it could be limited to these more modest numbers annually – rather than having numbers like $1000.00 or more per account which are harder to handle with objective fairness. I would think it is important that the OTS have a role in judging a distribution as fair to depositors or customers or management, but be prohibited from suggesting charitable or other public interest causes as appropriate.

It also should not be happening because the institution has been advised [by the OTS or even the bank's counsel] that it has too much capital to convert per these new OTS procedures, and a big capital distribution should be done to be able to be allowed to convert down the road.

Finally, a conversion process that requires raising up to $2.00 from the sale of stock for every pre-conversion $1.00 of capital, and the $2.00 comes from selling stock or interests in assets with a replacement value of say $3.00, an institution can afford to burn excess pre-conversion dollars of capital and not loose anything. That heavy penalty is a flaw in the conversion process, and hence various more businesslike ways of distributing capital make definite sense, and are an answer to that problem.

C. Stock Repurchases:

a- The change to limit restrictions on stock repurchase to the first year only is to be commended.

D. Charitable Organizations:

a. It should be allowed that an institution can, as its choice, fund a charitable foundation with either cash or even appreciated securities. Being able to donate appreciated securities would give the institution some tax benefit as additional incentive. It should absolutely not be necessary to fund the charity with any conversion stock, which is in the long term probably more expensive to the bank [without any offsetting tax benefits], and will pose some additional conflicts of interest issues from time-to-time.

b. As to voting, what issues would an MHC charitable foundation's MHC shares be voted in the same proportion as the minority owned shares?

c. As commented above in Section I A 3, once capital is raised by an MHC selling shares to stockholders, this creates a new constituency with some interest in the conservancy of any asset. It should be expressly stated that an MHC with minority stockholders cannot in any case establish or donate funds to set up a charitable foundation or trust as part of a full conversion, or "second step".

E. Demand Account Holders:

a. There seems to be every reason for demand accounts to receive the same rights as savings accounts. These days, they are probably just as profitable to the bank, if not more so, and should not be discriminated against.

F. Management Stock Benefit Plans:

a. Proposals seem fair.

G. **Holding Company Formation:**

a. Should not tie the amount of proceeds retained to any business plan requirement.

H. **Mutual Holding Company Revisions:**

a. It is fine to try to make the MHC a more attractive choice. However, making such a choice should rest 100% as a business decision by the institution, unencumbered by any regulatory agenda, regulatory business plan requirements, etc.

b. The proposal to allow MHC management benefit plans as if the conversion level were 49% eliminates any incentive to sell more shares just to get a bigger benefit plan. Good! I would however request that option granting plans and stock granting plans each be required to be listed individually, and each to be voted on individually.

I. **Revision of Policy Regarding Acquisitions:**

a. Again, business plans should not play any part in regulatory agency decisions re a bank's proposal to merger, to acquire, or to agree to be acquired. Where a transaction is considered friendly, exceptions to any waiting period guidelines should be available routinely and easily. In the case of an MHC that has undertaken a full conversion, or "second step", there should be more liberal guidelines, and this should include no time restrictions at all for transactions considered friendly.

b. Judging how an institution served a community in the past, and using that as a model into the future, can be an unfair constraint on current management, and other common sense businesslike decision making. This has been commented on in part I B 4 above.

J. **Comments:**

a. I understand per this section that the OTS may yet convene a focus group, which could occur after the public comment period. It seems unfortunate that such a group, apparently by regulatory requirement, cannot exceed nine people. While that might be a good maximum size for a panel, if the interest and need is felt to exist, couldn't there be an audience of some size [as with Congressional subcommittee meetings, etc.]?

b. Re the idea of not requiring member voting for reorganization into an MHC or Mid-tier form has merit. However, voting should be required if the MHC offering of shares is to be focused in any way and not open to all depositors. Also, voting should be mandated where the transaction results in the sale of the institution or the equivalent where the depositors are not offered stock, or only shares in another acquiring institution.

c. Enhancing the voting rights of MHC stockholders would be a definite plus. Simultaneously reducing or phasing out members voting rights over a period of even as long as 5 or 10 years seems OK. A worthwhile goal to enhance MHC attractiveness is to recognize an MHC conversion as a conversion, or at least a "percentage" conversion.

d. Mutual mergers or affiliations can certainly be good business decisions, but have the risks of all merger decisions, too. Using the MHC form, but with no public shareholders, could raise the question of issuing shares for acquisitions, and then for management, management stock incentive or option plans, etc. No stock should be so selectively or circuitously issued without first having a regular stock subscription offering.

e. Again, regarding the OTS request to make it more attractive to stay in mutual form is a very questionable agenda for the OTS. The OTS role is to insure and maintain an environment for a depository institution's safety and soundness. It should not be the OTS's role to manage or set management agenda's beyond safety and soundness practices. Questions of promoting mutuality seem harmless enough, but what staff, expenses, etc., should be authorized for that end? How would that cost be funded? Would it be a de facto tax on non-mutuals? Would it resort to some regulatory advantage for mutuals? Would this favor re-creating 19^{th} century style fraternal-like building societies, or just a thrift institution of a style of decades gone by? Would this favor operating as a non-profit institution? Would it make it more attractive to maintain a structure that lacks accountability to a constituency? The easiest answer to this bag of worms is to say that the OTS should absolutely not have any agenda promoting mutuality! Again, see the comments in part I B 5 above.

L to M. Plain language Use:

1. This sounds good. The only suggestion to make the rule much easier to understand is to simplify the agendas, which will greatly simplify the rules.

III. Disposition of Existing Rules:

The Tables on pages 31 – 36 give some good overview of the changes, especially from prior numbering. Unfortunately, the reader cannot easily verify accuracy or completeness. Whether typo's or omissions, I didn't notice these new sections in the Table:
12 CFR 563b.165 (page 68)
12 CFR 563b.15 (page 51)
12 CFR 563b.20 (page 52)

I also assumed 12 CFR 563b.5 and 563b.5 (a) (pages 50-51) were the Table listings 563b.05 and 563b.05(a)

In the Tables, listings for 12 CFR 563b.235(d) (bottom page 33) was perhaps .225(d);
and listing 12 CFR 563b.340(b)(2)(ii) (top page 33) was also not an actual listing on page 88.

V. [Requirements of the Proposed Rule on Small Entities:]

1. [Paperwork requirements]:

Using the low rate of conversions in the last couple of years, and comparing that the universe of say 250 institutions, gives an unrealistically low number of additional hours of paperwork "per institution". It should be stated that the additional paperwork including a preliminary business plan that can lead to the OTS simply rejecting the request is not a proper way to look at the burden created. Proper pursuit of an acceptable business plan can easily involve hundreds of hours of legal and advisory professionals, which doesn't come cheap! This document I understand can have the thickness of a telephone book. Regardless of thickness, and of how much of it can be done automatically on a word processor, it is truly a significant burden which I have made various comments against requiring for various reasons in preceding sections.

Another section under Significant Alternatives (page 41, line 4) states that "In fact, the conversion process is aimed largely at small institutions that want to raise capital in the open market by converting to the stock form of ownership."

This is just not a correct sentence. Perhaps it could read "The OTS wants the conversion process to be restricted to small institutions that want to raise capital". Or to reflect practice to date, it could more accurately read: "The regulatory requirements of the conversion process, converting to stock form, generally raises capital in the open market in proportion to the magnitude of the institution's existing capital, irrespective of any need for that capital." [See comments already made, section I B 4.]

PART 563b –Conversions from Mutual to Stock Form – Comments by Section:

563b.15: [page 51] It should be added: However, you may not do this in a "second step" transaction.

563b.25: [page 55] The qualifying deposit should read: "...$50. or more will qualify." instead of saying "...$50. or less do not qualify", which is apparently wrong.

563b.105, etc: [page 58-61] I take issue with this whole section. See many earlier comments.

563b.200: [page 70-73] Other than being compliant with CRA requirements [which I automatically assumed but did not mention], and all the requirements for safety and soundness, again of page 73 there should be no OTS agenda to require certain specifics in a business plan to allow conversion to stock form.

563b.2259(d) [page 74] To avoid any type of discrimination, oversight, or perceived favoritism to some eligible account holders who happen to not be voting members, it should be required to at least notify all eligible account holders and supplemental eligible account holders, rather than the current wording using "may notify". This reduces problems that may be simply the result of deaths, transfers to beneficiaries, heirs, survivors, lawyers, executors, a bank branch sold just before voting record date, etc – or where the bank may not know or just not have processed notification.

563b.330 [page 86] Suggest adding, as commented above in section II A b, an additional part that allows for a limited ability to reduce the percentage of an MHC sold by say 10% or 15%, to be used especially in the event the number of orders falls slightly short of the minimum needed. Unlike in a standard or full conversion, reducing this percentage would allow the offering to go through without extra delays and procedures, and yet would not have much impact on changing the pro-forma book value per share.

(e) The maximum price is specified as having to be between \$5. and \$50 per share. Because many brokerage firms and other lenders favor shares priced over \$10.00 per share, and may discriminate against stocks less than \$7.00, if the number of shares being sold is well over one million when priced at \$10.00 or more per share [so there is considered to be some likelihood of market trading], then the average investor probably will have greater flexibility with his shares should he need them as collateral at any time if the price is in the \$10.00 area rather than in the \$5.00 area. I would suggest adding wording indicating a bias or suggestion to price non-bulletin board share offerings at or over \$10.00

563b.390 [page 97] In a subscription offering giving purchase preference to some account holders based on account address can be unfairly discriminatory, and can be easily abused. The best approach would be to not have community preference, even though the idea somehow sounds good. Bank management and directors I suppose could plan ahead and use their employer address, the bank, to be qualified as "community" irrespective of where they legally reside. Other people are not prepared for such planning, and hence may be disqualified without knowing it because they used their out of area business address, their summer address, etc., etc. I think it can needlessly pit management subscribers against depositors in a popular offering. One step in resolving this would be to give management it's own category or priority tier as was done some years ago. This can prove to be more fair than it sounds at first reading – managements that have their own tier are probably less likely to want community preference for the other subscribers.

563b.450 [page 102] For stockholders, it would **enhance and clarify the status of an MHC** if it were thought of and described as a conversion or a partial conversion. Apparently one step in doing this would be to set up, or require the data be maintained to always calculate, a **liquidation account.** This could be set up covering 100% of the institution, or just a percentage established for the minority interest at the time of the stock offering, or a fixed 49% number as used for calculating management benefit plans.

563b.515 [page 112] The wording for extraordinary circumstances necessary for allowing repurchases within the first year uses the word "necessitating". Using the words "making it prudent to make" would make more sense. Again, a bank's management should be free to control and modify any business plan and business purpose judgments continuously, rather than have this part of a regulatory controlled agenda.

563b.520 [page 113] Regarding dividend payments and the size of dividend payments, as above, a bank's management should be free to control and modify any business plan and business purpose judgments continuously, rather than have this part of a regulatory controlled agenda.

An item to specifically enhance and clarify the status of an MHC:
Re MHC dividend payments in particular, I am concerned about interpretations of possible constraints extracted from wording in business plans, or in **12 CFR 563.143, a section relating to dividend payment not cited in this #2000-57 document.** This is because the terms of the shares in an MHC favor them as significant dividend paying securities. This cited CFR section should be clearly a safety and soundness control, which it is. Following the selling of stock, however, certain wording referring to past earnings levels, or implying considerations of pre-offering earnings, average earnings, etc., should be stated as no longer applicable for having to file for regulatory permission before paying these dividends. **As long as the capital level substantially exceeds regulatory requirements, dividend payment levels can be judged by earnings levels after the stock offering alone, to determine exemption from filing for any regulatory approval prior to dividend payment, and this should be clearly stated in the regulations.** Earnings calculations probably logically should be extended to include anticipated earnings levels, earnings excluding extraordinary one-time charges, or even "cash earnings", for these MHC institutions that now have significant excess capital levels.

563b.530(b)(3) [page 116] this should read: "may effect transactions for the security ...with other brokers or dealers *or investors.*"

563b.550 [page 117] Suggestion to change wording to say: "You may contribute some of your conversion shares or proceeds ***or other assets*** to a charitable organization if:"

and also suggest adding here:

"(d) it is the initial stock offering only (you do not already have shares outstanding owned by stockholders)."

563b.565(b) [page 118] For an MHC, the share voting should be ***in the same proportion as the minority shares*** voting, since they are part of the minority share group.

Thanking you for your consideration of these comments, I would be glad to discuss any of them further or have any misinformation corrected. Please also reference the many related comments detailed for **Docket No. 2000-57**, and also submitted today.

Sincerely,

Ed Fraser